

Owner Payment and Utility Allowance

A. OWNER PAYMENT IN THE HOUSING CHOICE VOUCHER PROGRAM

If the total rent complies with “reasonableness” criteria, an owner may charge whatever rent the tenant agrees to pay. However, a tenant may not pay over 40% of their total annual adjusted income for rent at initial lease-up. The Housing Assistance Payment (HAP) provided by the OCHA will be the difference between the Contract Rent and the assigned tenant portion of rent.

The maximum subsidy level for each family is determined by the payment standard for the family less 30% of the family’s monthly-adjusted income. The 40% limit applies to initial or termination transfer leases. The 50% of income limit applies only to rent increases.

The Voucher size issued to the family is based on family size and composition. The payment standard to be used in the calculation is based on either the actual number of bedrooms in the unit or the Voucher size issued to the family, which ever is lower.

B. UTILITY ALLOWANCE

The total tenant payment is the payment the family makes toward rent and an allowance for utilities.

If the family pays for some or all utilities, the OCHA will provide the family with an utility allowance. The allowances are based on current rates and average consumption estimates, not on a family’s actual energy consumption.

A utility allowance used will be based on the size of the unit.

The utility allowance is given as a reduction in the tenant’s portion of rent based on the Voucher calculation formula and payment standards.

The OCHA will review the utility allowance schedule on an annual basis. If a revision is needed, based on methods required by HUD, the utility allowance schedule will be revised.

Approved utility allowance schedule(s) will be given to families along with their Housing Choice Voucher.

C. MAKING PAYMENTS TO OWNERS

Once the HAP Contract is executed, the OCHA begins processing payments to the landlord.

A HAP register will be used as a basis for monitoring the accuracy and timeliness of payments.

Checks are disbursed by the OCHA to the owner each month.

Checks will be mailed to the owners or can be picked up at the OCHA Office with proper identification. Owners can elect to have their funds electronically deposited to their bank.

Checks will not be mailed to banks or other financial institutions.

If the OCHA computer system or the Post Office has failed to process and deliver a check, a supplemental computer generated check may be issued during regular processing if approved by the OCHA.

Checks lost in the mail will not be replaced by a duplicate check until a stop payment is in place and the bank confirms the original check cannot be cashed.

Payments to owners are generally due on the first day of each month. An owner may request a late fee if the OCHA was late in a payment. The owner must request a late fee payment in writing to the OCHA except that the initial (first) HAP payment under a new lease will not be considered late unless mailed more than 60 days after the receipt of all required signed documents and lease papers. The OCHA agrees to pay

a late fee not to exceed \$25.00 in any month, once the owner notifies the OCHA that payment was not received and subsequently does not receive a duplicate replacement check by the tenth day after notification to the OCHA.

D. IRS “1099” STATEMENTS

Owners will receive a 1099 at the end of the calendar year. The 1099 will be issued to the owner whose name appears on the check.

Owners who do not cash their check for more than three consecutive months will be requested to electronically deposit their checks to a financial institution. If they refuse this offer of direct deposit, checks will no longer be mailed.

E. UTILITY REIMBURSEMENT PAYMENTS

Where the utility allowance exceeds the total tenant payment of the family, the OCHA will provide a utility reimbursement payment to the family each month.

